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UNCLAS HALIFAX 000127

SIPDIS

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SUBJECT: NEFOUNDLAND-LABRADOR GOVERNMENT SUFFERS THROUGH BITTER UNREST

REF: HALIFAX 97

1. (U) SUMMARY: Having broken a 4-week-old public sector union strike April 27 with the introduction of back-to-work legislation, Newfoundland-Labrador Tory Premier Danny Williams is making a last-ditch offer to negotiate a collective labor agreement. On April 29, the Premier said he would suspend passage of back-to-work legislation until May 3, in response to union officials' agreement to a new round of negotiations. While he has thoroughly angered the unions, to what degree he has damaged his political future is unknown, pending general public reaction. Looming on the horizon is a potential strike by the teachers and nurses unions. END SUMMARY.

2. (U) The cash-strapped Williams government and the 20,000 members of the Newfoundland and Labrador Association of Public and Private Employees and the Canadian Union of Public Employees have been locked in a bitter dispute over new labor agreements, culminating in a 4-week strike that only ended on April 27, when the government introduced back-to-work legislation. The province's unionized workforce called the bill the toughest back to work legislation in Canada. Consisting of tough penalties for not returning to work and a mandated four-year agreement, the government's terms fell well short of what the unions were seeking on issues such as wage increases and sick leave benefits.

3. (U) Despite an ugly backlash from labor groups and the fact that the workers have returned to their jobs, the Premier has remained undeterred in moving the legislation through the House of Assembly. Claiming that the strike has drastically affected hospitals, nursing homes, schools, provincially-operated ferries and other public services, the Premier said he had a responsibility to protect public health and safety from the possibility of any more labor unrest. Nonetheless, the Premier pledged to continue negotiations with the union officials up until the last minute. That offer met with some success on April 29, when the Premier said he would suspend passage of the bill until May 3 in response to a new round of negotiations with the union officials.

4. (SBU) COMMENT: This bitter and uncertain labor scene undoubtedly has brought a swift end to Danny Williams' honeymoon with the electorate just six months after he and his Tory party won a decisive victory in the October 2003 provincial election. Our contacts on "The Rock" tell us that Williams undoubtedly has made a lot of enemies with his hard-nosed approach with the unions, to the point that no one is willing to guess just how damaging this situation will be to his political career. A major unknown is just how the general public will judge the Premier's actions, which will not be known until the next poll results are released. Residents, especially those with cardiac problems and needing cancer treatments, have been waiting weeks for services, and hospital administrators are acknowledging that it could months to get caught up from the strike. Obviously with their health in jeopardy, these patients have had little support for the strikers.

4. (SBU) Comment (Continued): There are also countless other Newfoundlanders and Labradorians who support Williams and his firm stance that this is not the time in the province's fiscal history to be looking at wage increases. It is not clear just how prevalent is this sentiment. One point that our contacts do agree on is that the Premier and his government are definitely going through a tough time with no real end in sight. However the situation with the two public sector unions is eventually resolved, contracts with the province's teachers and nurses are also about to expire. The Premier could then find himself knee-deep in the exact same situation a few months down the road - only this time it will be teachers and nurses on the picket line. END COMMENT

ROWLAND